



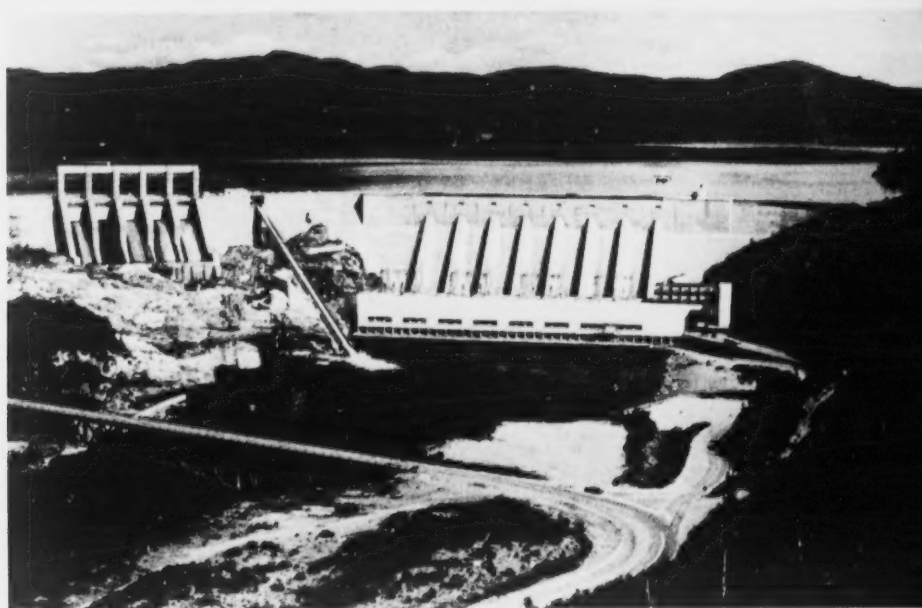
The Conference Board

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Economic Times



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Editor's Note

This month's issue offers another nice assortment of information and opinion, starting with suggestions our Colloquium members offer to the Presidential candidates on economic policy. Then Al Wojnilower discourses in his usual thoughtful fashion on the "credit crunch" and the pros and cons of alternative ways to organize an economy. Next a fascinating essay from *The Economist* on the mortality rate of large companies. Followed by a very short piece from The Urban Institute on how immigration is altering the racial composition of the population.

In the back of the book, as always, you will find the insights on the U.S. business cycle per our Stat File and Crystal Ball. Finally, my attitude about the Presidential campaign is nicely captured by Mencken's remark below.

Ed Fiedler

Maxim of the Month:

The basic fact about human existence is not that it is a tragedy, but that it is a bore.

H.L. Mencken

...Who Help Themselves

The tendency we have to translate every difficulty that an individual or a family experiences into a problem for society to deal with, and to think of every local problem as a national issue, seems more pronounced than ever. Sometimes the analysis is logical; a worker laid off during a recession, for example, is more likely the victim of the national economic slump than of the shortcomings of his or her individual job performance. But too often the tendency to socialize every issue is carried too far. Here are some recent examples:

1) This election year the candidates are directing most of their sympathy at the middle-class, whom they want to help by cutting taxes. As Herb Stein observed, these days nobody ever advises the American people (*a la* Bernie Baruch, some 70

years ago) to "work and save." The assumption is, rather, that individuals and families are powerless to help themselves, and it's up to the government to help.

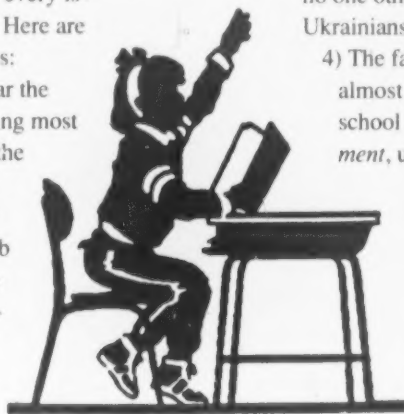
2) The U.S. record on infant mortality has improved over the years, but we trail many other industrial countries badly. Most of the time, fingers are pointed at the health care system in general and *the government* in particular. But according to Nicholas Eberstadt's persuasive analysis, the problem is mostly one of unwanted births and the unwillingness of many expectant mothers to abstain from tobacco, alcohol and drugs.

3) Richard Nixon recently criticized President Bush for not offering adequate assistance to the Confederation of Independent States. The media used Nixon's remarks as a basis to focus heavily on the "Who Lost Russia?" question—the idea that, if the former Soviet republics do not become successful democracies in the Western mold, the fault will lie with *the U.S. government*. But surely the success or failure of Russia, Ukraine, and Latvia, will be determined by no one other than the Russians, the Ukrainians, and the Latvians.

4) The failings of education are almost always attributed to the school system or to *the government*, usually for not allocating sufficient funds. But do schools with the highest per-pupil expenditures lead in educational attainment? No. There's no single answer, of course, but to me the most

important factors are the willingness of the students to learn and the readiness of parents to ensure that homework gets done.

What does this pattern tell us—other than that political scapegoating and pandering are still thriving? The sad lesson is that individual and family accountability is still downplayed in our society and, irrespective of repeated failures in the past, the American habit of turning to government for a solution is thoroughly ingrained.



Colloquium: Advice for the Candidates

Background:

Public opinion polls report widespread dissatisfaction among the American people these days, especially about economic matters. New York Governor Cuomo and others have urged the presidential candidates to offer a specific program—"an action plan"—to improve the economy.

Members:

Members of The Conference Board Economics Colloquium are: Stephen H. Axilrod, Vice Chairman, Nikko Securities International; Andrew F. Brimmer, President, Brimmer & Company; Don R. Conlan, President, Capital Strategy Research; Robert G. Dederick, Executive Vice President and Chief Economist, Northern Trust Company; John T. Dunlop, Lamont University Professor Emeritus, Harvard University; Gail D. Fosler, Vice President and Chief Economist, The Conference Board; Lyle E. Gramley, Senior Staff Vice President & Chief Economist, Mortgage Bankers Association; Isabel V. Sawhill, Senior Fellow, The Urban Institute; James Tobin, Sterling Professor Emeritus, Yale University; Laura D'Andrea Tyson, Professor of Economics, University of California, Berkeley; Charles E. Walker, Chairman, Charles E. Walker Associates; Murray Weidenbaum, Director, Center for the Study of American Business; Albert M. Wojnilower, Senior Advisor, First Boston Corporation.

Question:

If you were advising one of the candidates, what would you recommend as the essential elements of such an economic plan?



Isabel V. Sawhill
The Urban Institute

Raise \$500 billion annually by 1997 via 1) a five cent VAT (necessities excluded), 2) a 50 cent gas tax, 3) fuller taxation of Social Security benefits, 4) a cap on itemized deductions, 5) health care cost controls, 6) lower defense spending. Use \$250 billion to eliminate the deficit and the rest to produce a totally restructured education system, research, training, and programs for disadvantaged children and their families. Be prepared to lose the election battle to win the ideas war.



Lyle E. Gramley
Mortgage Bankers Association

We face a grim economic future unless we increase national saving and investment dramatically. Greater private saving would be wonderful, but no one knows how. Let's get serious about the Federal deficit. Controlling health care costs is the top priority. And stop the nonsense about the sanctity of current tax rates. Taxing social security benefits fully seems sensible even to a person my age. Increasing the gasoline tax a dollar or more would both raise substantial revenues and conserve energy.



Gail D. Fosler
The Conference Board

The essential element is guts! First, cut the medical cost share of GDP and broaden coverage. This means less choice. Second, increase education content, cut the cost, and redistribute educational resources—in short, a mini revolution in the power structure of public education. Federal budget? It is as much a report card on the quality of decision-making as a policy instrument itself. Here, entitlement reform is the test.



Charles E. Walker
Charles Walker Associates

Pledge in the campaign to mount strong pro-growth policies through improved education and training, plus increased investment in infrastructure, technology and productive equipment. *Keep options open.* Upon election, convene an "economic summit" with legislative leaders of both parties. The goal: a bipartisan, five-year fiscal and tax plan to eliminate the deficit, cut taxes on productive investment, and fund education/infrastructure/technology programs—all to be enacted within "the first 100 days."

Organizing an Economy: Messiness is Best

by Albert M. Wojnilower



Problems of both demand and supply are liable to inhibit credit growth over the longer term as well as the near term. Credit demand will be slack because our underlying economic vigor is less. But we may fall short of even our more limited growth potential because of credit supply difficulties. These stem from the weakness of key financial intermediaries, itself part of a ubiquitous problem of economic organization with which the world does not know how to deal.

On the demand side, everyone can see that commercial real estate is vastly overbuilt and years from regaining health. Unoccupied office buildings dot the landscape and "blind eyes" (as a good friend of mine aptly labels the empty stores) stare vacantly out of even the fanciest shopping malls and streets. They would not be occupied at lower or even zero rentals, because the extraordinary employment and sales growth to which they are the too-much-too-late response has ended. That growth reflected the surge of young mothers into the labor market, and other demographic and societal factors that have largely run their course. These same forces, especially in their consequences for child-bearing and population increase, also raise serious questions as to the future vigor of housing and, for that matter, consumer demand in general. Further, this recession was atypical in that no particular pent-up purchasing or borrowing power has built up waiting to be unleashed.

Another longer-range source of demand weakness is the implosion of the

"military-industrial complex." Although military output peaked as early as 1987, it did not begin to plummet until the latter part of 1990 and especially after the Gulf War and the disintegration of the Soviet Union. More than any other factor, this collapse explains the economy's sudden loss of upward momentum last summer. Clearly the military sector is one hitherto dependable source of investment and credit demand from which much less will be heard.

Securities Markets, Yes; Banks, No

So much for credit demand. What about the supply? In past times of easy money, lenders urged sound clients to borrow more, took bigger chances on marginal borrowers, and recruited new borrower classes from among those formerly considered ineligible, such as lower-middle class households, women and students, or developing countries. This time around it is necessary to draw a sharp distinction between the performance of the securities markets, on the one hand, and financial intermediaries such as banking, insurance, and finance companies, on the other. The securities markets join lenders and borrowers through impersonal trades of standardized contractual claims. The issuers are, almost by definition, mainly the larger, better known, and well-established firms. The intermediaries, on the other hand, invest in relationships rather than securities, under contractual arrangements that are looser and more flexible than those governing marketable instruments. The intermediaries raise funds from the public on the drawing power of their own names, in order to lend to customers whose names cannot attract funds in the open market.

The securities side of the financial machinery has been functioning brilliantly. The lowering of short-term interest rates has steered huge quantities of funds, directly or through mutual funds, into

stocks and bonds. New issue volume has skyrocketed. The marketability of low-quality bonds has enjoyed a dramatic revival from the junk bond debacle. Also of particular interest is the proliferation of initial public stock offerings, surely an indication of a substantial hunger for funds on the part of small and new ventures as well as of greater willingness of investors to take risks.

The inescapable conclusion is that domestic banks have been forced to rein in their lending under supervisory and market pressures.

On the supply of relationship lending, however, the record is dismal. By past standards, and especially in view of the wide profit margins that prevail between the cost of money and loan interest charges, lenders have been remarkably diffident about seeking out business customers who might increase their borrowing. On the contrary, anecdotes abound about good credits who have been asked to pay down their loans.

Since early 1991, loans to the private nonfinancial sector outstanding at domestic commercial banks have actually been shrinking, in a decline essentially unprecedented in post-Depression times. By contrast, foreign-related banks in the United States, surely not without their own troubles and said also to be retrenching, expanded their loans by over 15 percent, suggesting that demand was hardly as dormant as their American counterparts claimed. The inescapable conclusion is that domestic banks have been forced to rein in their lending under supervisory and market pressures. The same is true for thrifts, life insurance companies, and business finance companies. This re-

strictive posture reflects a shortage not of money but of capital.

It was the regulators and the politicians, more so than the markets, who abruptly decided after years of ignoring or even promoting abuses, to apply capital constraints across the board. In 1988, the world's major central banks undertook to phase in formal credit-risk-based capital requirements on their commercial banks. Still more comprehensive requirements, intended to protect also against interest rate and market price risks, have recently been mandated by American banking law. Striving to meet the higher capital standards performance has been the principal priority for most major banks. Doing so has incapacitated relationship lending and opened a large gap in the credit marketplace.

The current low interest rates and wide spreads in favor of lenders may be regarded as a huge experiment in using such incentives to countervail the official capital crunch. They are surely helpful, but how much and how fast remains to be determined.

Markets and Relationships in Employment

Unknotting the kink in relationship lending is particularly vital at this juncture because of the peculiar nature of the unemployment resulting from the end of the Cold War. The freeing of disciplined, skilled, and experienced labor from military pursuits is quite literally what constitutes the peace dividend. Unless and until these individuals are reemployed in civilian pursuits, there will be no peace dividend to be reaped.

The reemployment of resources extends far beyond the military sector. It is no coincidence that massive job eliminations, paralleling in kind though fortunately not in extent those in the erstwhile Communist economies, should now be cascading through bureaucracies here in the United States, be they government, nonprofit, or business.

In the post-World War II United States, white-collar and unionized workers until recently could take more or less

for granted a seniority-based pay and/or career ladder, with layoffs or moves from one firm to another occasionally speeding or slowing but never ending the climb. This American version of lifetime employment has broken down, with economic, political, and social consequences that remain to be seen. The odd couple of a stock market setting record highs while consumer confidence plumbs new lows illustrates how these changes have disorganized the perception of our futures.

The collapse of our unwritten employment understandings is entirely analogous to the shift from relationship to market dominance in our financial arrangements. Vaguely specified and legally unenforceable mutual obligations are being replaced by sharply defined and impersonal market contracts. Such shuffling of people as though, in principle, they were securities is neither desirable nor feasible over the longer run.

How to Organize Economies

It is a commonplace of human evolution and history that better coordinated groups, those capable of mobilizing a finer and more productive division of labor, prevail over poorly organized cultures. Crudely expressed, as between two athletic teams equal in individual talent, the one with better teamwork (better coaching, if you prefer) will win.

Systems of impersonal exchange, that is to say, markets, are one powerful means of coordinating and disciplining human activity. But in reckoning with the future, markets can never be complete. No one can write a contract that responds enforecably to every future contingency. Nor can markets cope with all the human needs and desires that cannot be satisfied by impersonal exchange. A shortcoming of markets, daily observable in professional sports, is that their impersonal and individualist character tends to corrode teamwork.

But teams also have their drawbacks, most notably the tendency to become soft and corrupt. Successful teams are prone to exploit outsiders (customers, in

the business context), impelling them to join more loyal teams or form hostile teams of their own. As teams age, they are more likely to suppress innovations that would upset internal relations or threaten the leaders, and they are liable to turn the team into a means for feathering the nests of privileged members. It was not failure of its utopian ideology but rather such team degeneration that, in my judgment, brought down Communism. Such problems are hardly confined to Communist societies. To greater or lesser extent they afflict bureaucratic organizations everywhere, not least here in the United States. We are undergoing an economic adjustment that, though incomparably gentler, has much in common with the Communist world.

The tension between markets and relationships, both in our financial machinery and in our workplaces, reflects fundamental limits to perfection in human organization. Although markets and relationships are both essential to effective economic life, I believe society fails whenever either of them comes to dominate unduly. Neat orderly systems—all market or no market at all, all relationship networks or no relationships at all—are horrors. Only messy systems are good. But messy systems suffer from being complex and unappealing—in short, from messiness.

On the practical level my message is that we are rewarding multitudes of loyal and capable team members by putting in doubt their future or actually casting them out. Probably this purge was largely unavoidable. But we need relationship finance more than market finance—we need more messiness—to enable these skilled resources to form new teams. If they are unable to do so promptly, not only they but all of us will experience a peace dividend that impoverishes rather than enriches.

Adapted from "Markets and Relationships," a talk at The Conference Board's March 1992 Financial Briefing. Dr. Wójnilower is Senior Advisor at First Boston Asset Management.

Capitalism's Creative Destruction

Quiz: Of the top 100 companies on Fortune's first list in 1956, how many are no longer listed in 1992?

- a) About one-tenth.
- b) About one-quarter.
- c) About half.
- d) More than two-thirds.

For answer, see below.

At about \$22 billion, the market value of Microsoft, a 17-year-old computer-software firm, is now as great as that of General Motors, the world's biggest manufacturer. Many will dismiss this as a freak of the stock-market. How can a firm peddling shrink-wrapped computer discs, with only 10,000 employees and sales of just \$1.8 billion, be worth as much as the mighty GM, whose 766,000 employees produced cars and thousands of other goods that sold for \$124 billion last year?

The answer is simple, but has uncomfortable implications. The value of both firms reflects the best guess of millions of investors about how much profit each firm will earn in the future. Even millions of investors could be wrong, and they might suddenly change their minds if new information comes along. Yet neither valuation is a freak. GM is still big, but no longer mighty. Its future looks bleak. Though Microsoft's shares were not even quoted on the stockmarket until 1986, its future looks dazzling. Many investors are betting that it is the brash software firm without a single factory to call its own, not the vast manufacturing empire of GM, which has the best chance of surviving into the next millennium.

This is not as outlandish as it might seem. Big companies assume the trappings of solidity and permanence. Corporate headquarters, glorious or

appalling, are always among the most ostentatious buildings in any city. Big firms spend lavishly on anniversaries, preach tradition to employees, proudly publish their own histories and generally behave as if they have been around since time began. Most people crave some kind of stability, so this is understandable. It is also something of a sham. The most remarkable thing about big companies is not their longevity, but their transience.

Most of the company names which now seem like immutable fixtures either did not exist or were still obscure when our grandfathers were children. GM itself dates back only to 1908. Britain's biggest manufacturer, Imperial Chemical Industries, was born in 1926, when a group of smaller chemical companies merged.

Many firms which are now ubiquitous began even more recently. Sony, Honda and Xerox are post-war creations. Before the war Toyota was a textile-machinery company. Even most firms that can claim a longer heritage—General Electric, Coca-Cola, Nestle, Unilever, Mitsubishi, Philips, Daimler Benz—are not much more than a century old. They have managed to survive that long only by snapping up other companies and turning themselves inside out. RCA and Pan Am, once synonyms for innovation and business acumen, are gone.

Of the 100 firms heading Fortune's first list of America's 500 biggest companies, published in 1956, only 29 can still be found in the top 100 of its latest list, published on April 1st. Of the 100 biggest non-American firms listed in 1956, only 27 were still there in 1989, the last time the magazine published such a list. Within the span of one working life, well over two-thirds of the world's biggest companies were jostled

out of the way by faster-growing firms. Many lost their place after being acquired by a more successful firm. Some simply fell behind. Others disappeared altogether. A clue to the future: in Fortune's latest list, three of the top four places ranked by sales are taken by GM, Ford and IBM. Ranked by profits, their places are numbers 474, 472 and 473 respectively.

A Future Measured in Months

The disconcerting truth is that, in business, history counts for little. No matter what a firm's past triumphs, no matter what its size, its future is assured only by an order book usually measured in months, sometimes just in weeks. If customers stop buying even briefly, the grandest of corporate edifices quickly begins to crumble. A good reputation and established brand names can help insulate a company from some sudden shocks. But a new rival or a new technology can rapidly shift the ground beneath the best-known and most respected of firms.

In an apt phrase, Joseph Schumpeter described this as the "creative destruction" of capitalism. He was right to identify a propensity for continual change as capitalism's greatest virtue. Every GM in its death throes releases talent and cash for an upstart like Microsoft, which can make better use of them. The decline and fall of a corporate empire disrupts the lives of thousands. But propping up ailing giants, as governments everywhere are constantly asked to do, only delays the final deathbed scene, as well as the birth of the new.

Companies are not enduring institutions. Nor should they be.

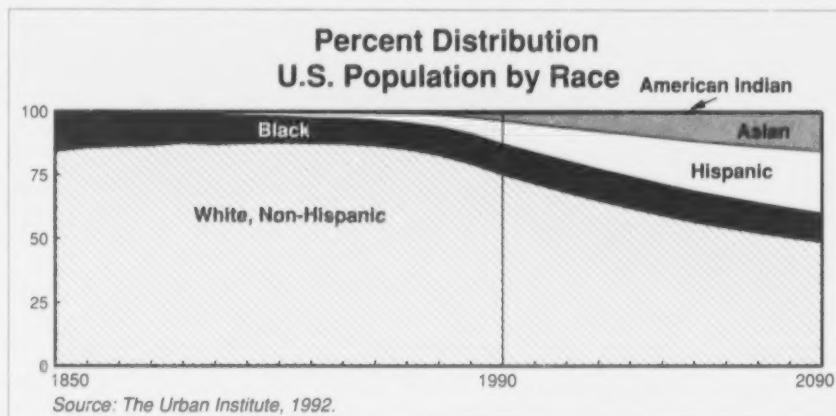
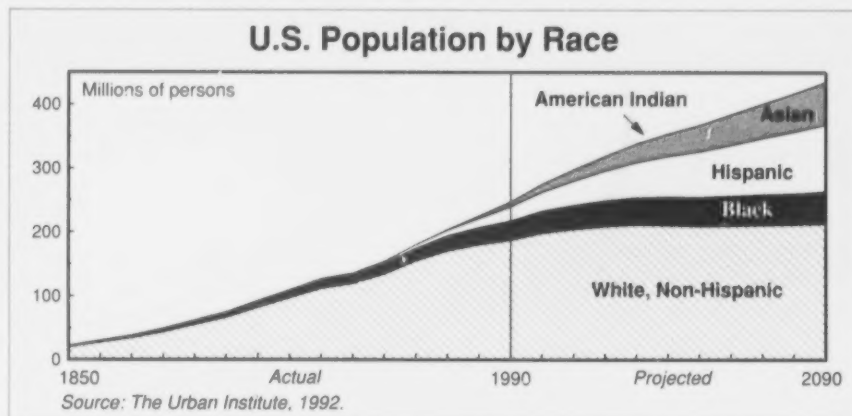
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Changes in Racial Composition of the U.S. Population

by Jeffrey S. Passel & Barry Edmonston



In 1990, about one-quarter of the population was minority; by 2090 about half of the population is projected to be minority.



Over the last century and a half, minorities have increased in number and in percentage of the total population. The recent, large increases in immigration, especially by Asians and Hispanics, have caused the composition of the minority population to shift substantially. The proportion of the minority population that is black has been dropping steadily; blacks now account for less than half the minority population for the first time. The U.S. population has changed from a predominantly white population with a black minority to a multi-cultural, multi-ethnic society.

Under the assumption that immigration will continue at roughly today's levels and with approximately the same racial/ethnic composition, we project a population exceeding 300 million in 20 years, reaching 400 million by 2070 and 430 million in 2090. In 1990, about one quarter of the population was minority; by 2090 about half of the population is projected to be minority. The Hispanic and Asian populations, in particular, will continue growing rapidly. The Hispanic population will exceed the black population and become the largest minority group in the United States by 2010.

Excerpted from "Immigration and Race: Past and Future Trends" in The Urban Institute's "Policy and Research Report," Winter/Spring 1992. Jeffrey S. Passel is Director of the Program for Research on Immigration Policy and Barry Edmonston is Senior Research Associate, both at The Urban Institute.

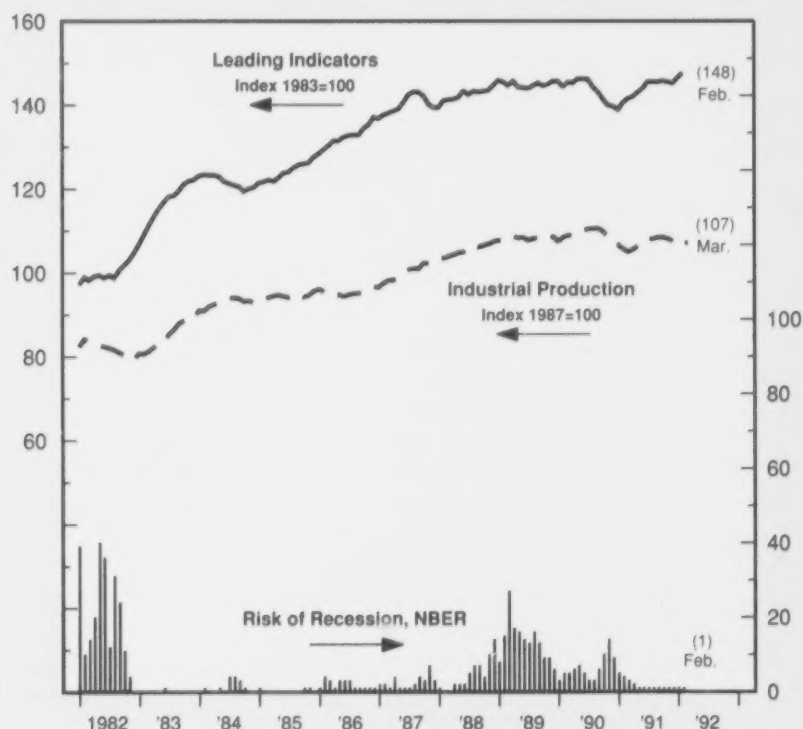
Conference Board Stat File

Welcome Back, Modest Optimism

The conventional wisdom has changed over the past two months from "maybe recovery, maybe not" to "yes, recovery, but slow." Slow because defense output is declining (p.10), heavy construction remains moribund, current demographics are unfavorable, and the financial system still has credit problems. With that many negatives, what says there'll be any gains at all this year? The leading indicators (below) provide one persuasive signal. And where is the expansion impetus? In housing, inventory investment, and business equipment. Also, now that their expectations look better (p.10), consumers will bolster rather than retard this recovery. All this adds up, in my guess, to 3 to 3-1/2 percent growth this year, a tad higher than the participants in our forecast gallery (p.11) now see it. And prices? With unused capacity and unemployment staying fairly high, inflation (p.9) will remain near 4 percent during 1992. (Data for Conference Board series in this section are available on request from Ken Goldstein at 212-339-0331.)

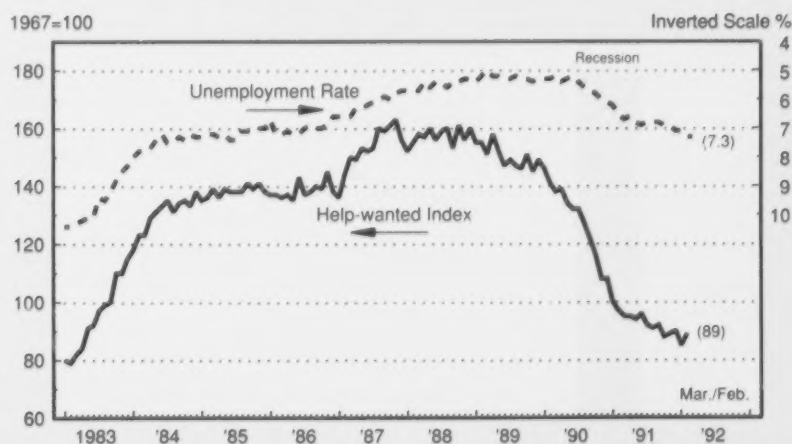
Early Warning Indicators

Leaders showing some renewed improvement.



Help-Wanted Advertising and Unemployment

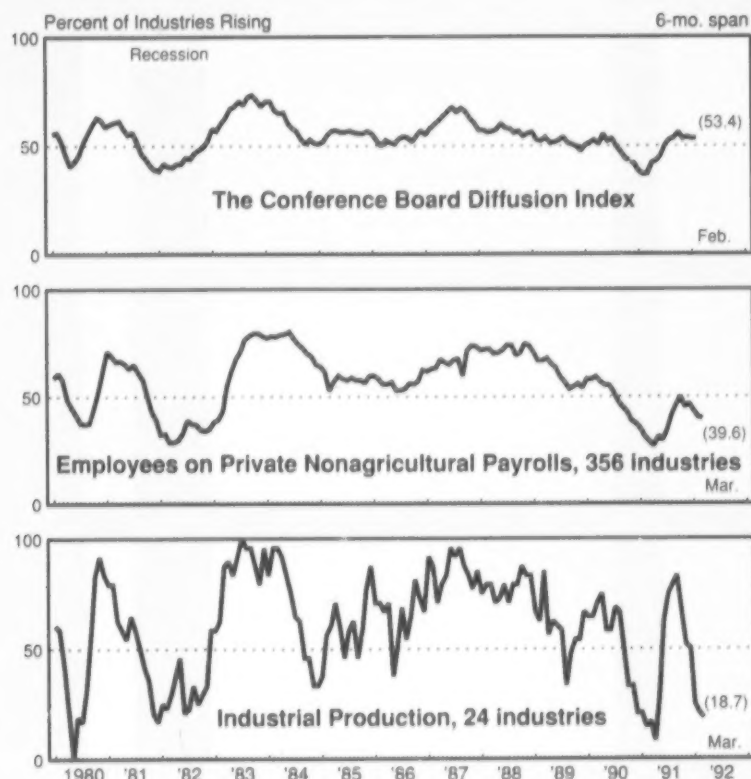
Labor market still weak.



Conference Board Stat File

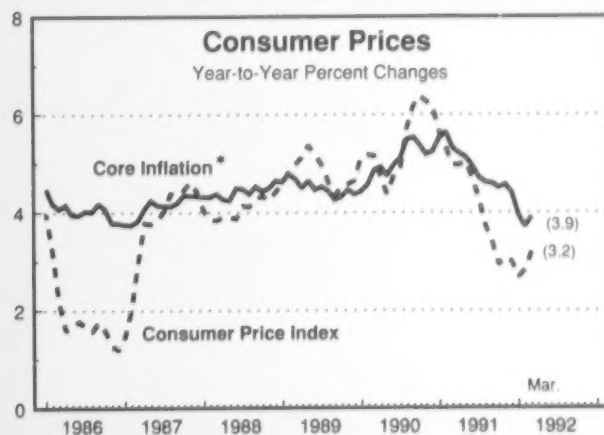
Indexes of Economic Momentum

Momentum indexes still weak.

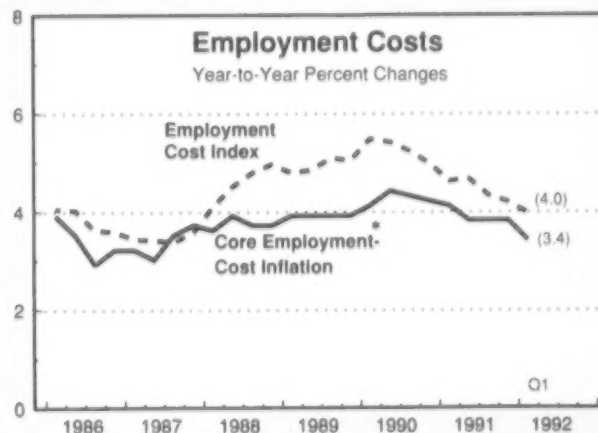


Core inflation remains under control.

Inflation Fundamentals



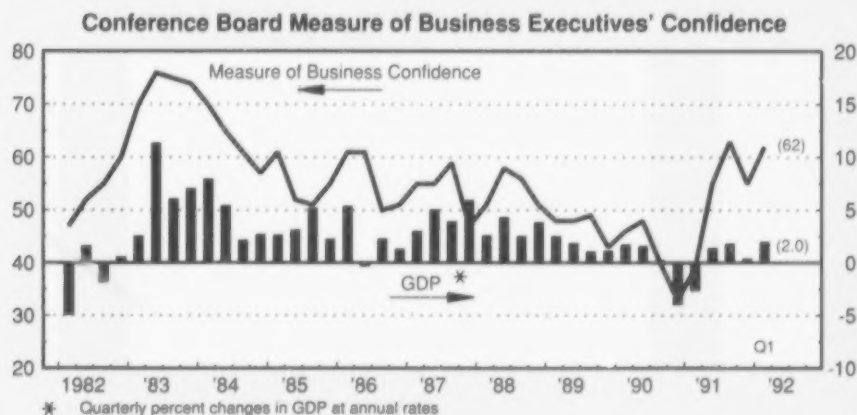
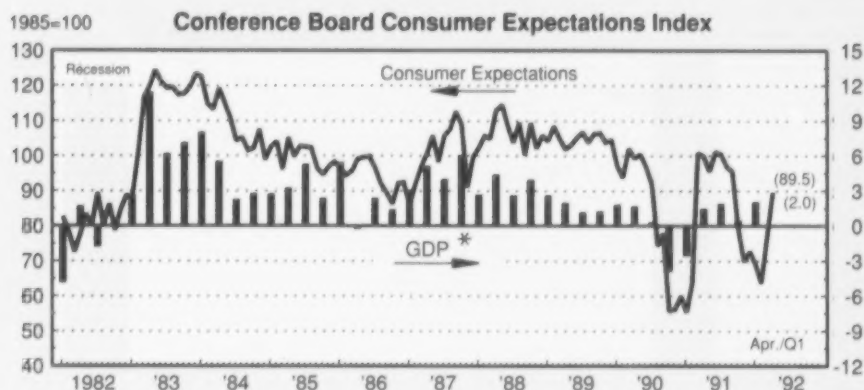
* Core Inflation = CPI excluding food at home and energy.



* Core employment-cost inflation = wages and salaries of private sector workers excluding sales personnel (i.e., excluding the benefits that are part of the ECI).

Conference Board Stat File

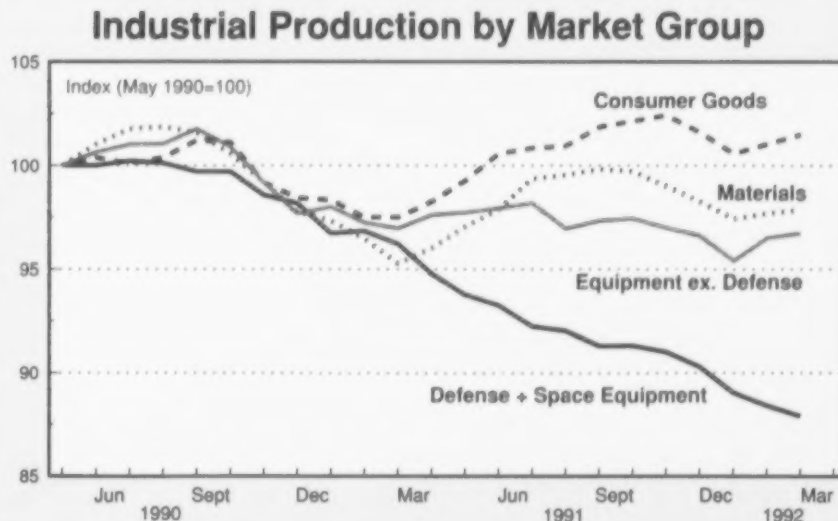
Confidence



Substantial recovery in consumer expectations.

Chart of the Month

While the economy has been struggling to mount a cyclical recovery from the 1990-91 recession, production of defense equipment has continued to decline. According to Al Wojnilower (p.4), "More than any other factor, this collapse [in military output] explains the economy's sudden loss of momentum last summer." The industrial production data shown in this chart bear out his statement persuasively.



Inside the Crystal Ball

	UCLA	MERRILL L.	DU PONT	GEORGIA ST.	NORTHERN TRUST	CONF. BOARD	EATON	L.H. MEYER	DRI	WEFA	MICHIGAN - RSQE
Date of Forecast	Apr.	Apr.	Apr.	Apr.	Apr.	Apr.	Apr.	Apr.	Apr.	Apr.	Mar.

Gross Domestic Product

(Quarter-to-quarter percent change, constant dollars, seasonally adjusted at annual rates)

		%	%	%	%	%	%	%	%	%	%	%	
Actual	1991 3Q	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	3Q 1991 Actual
	4Q	0.4	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.8	4Q
Forecast	1992 1Q	0.8	2.0	1.4	1.2	1.2	2.3	1.5	1.0	1.7	1.4	-0.3	1Q 1992 Forecast
	2Q	1.8	2.6	2.2	2.4	3.0	2.1	2.5	2.4	3.1	2.7	2.3	2Q
	3Q	2.7	3.4	2.8	3.9	3.3	2.6	3.9	3.2	2.8	3.2	4.2	3Q
	4Q	3.1	3.2	3.0	2.9	3.1	1.8	3.7	3.1	3.1	3.0	4.8	4Q
	1993 1Q	3.6	3.1	3.8	2.7	3.1	2.5	3.2	2.7	3.7	3.1	4.7	1Q 1993
	2Q	3.5	2.7	4.1	4.4	3.3	1.7	2.1	2.7	3.2	2.9	3.8	2Q
	3Q	3.1	2.9	3.5	-1.2	3.0	2.5	2.4	2.7	2.8	2.9	3.4	3Q
	4Q	2.7	2.8	3.2	4.1	2.7	2.0	3.9	2.6	2.8	3.4	3.3	4Q
	1994 1Q	2.6					0.9			3.2	3.0		1Q 1994

Inflation (Deflator)

(Percent change from same quarter one year earlier)

		3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1991 4Q Actual
Actual	1991 4Q	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	1991 4Q Actual
Forecast	1992 4Q	2.7	3.5	3.4	3.0	3.1	3.0	2.7	2.5	3.1	2.7	2.6	1992 4Q Forecast
	1993 4Q	3.3	3.6	3.6	3.7	3.2	3.1	2.8	2.8	3.0	3.2	2.9	1993 4Q

30-Yr Treasury Bond Rate

(Percent, quarterly)

		8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	3Q 1991 Actual
Actual	1991 3Q	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	3Q 1991 Actual
	4Q	7.9	7.9	7.9	7.9	7.9	7.8	7.9	7.9	7.9	7.9	7.9	4Q
Forecast	1992 1Q	7.9	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.7	1Q 1992 Forecast
	2Q	8.1	7.9	7.8	7.9	7.8	7.8	8.0	7.7	8.0	8.0	7.6	2Q
	3Q	8.0	8.0	7.7	8.1	7.8	7.8	8.0	7.6	8.1	8.1	7.5	3Q
	4Q	7.9	8.2	7.5	8.4	7.8	7.8	8.0	7.5	7.9	8.2	7.5	4Q
	1993 1Q	7.9	8.2	7.6	8.5	7.9	7.8	7.9	7.4	7.9	8.3	7.8	1Q 1993
	2Q	7.8	8.3	7.7	8.6	7.9	8.1	7.9	7.2	8.1	8.4	7.7	2Q
	3Q	7.7	8.3	7.8	8.6	8.0	8.1	7.9	7.0	8.3	8.5	7.7	3Q
	4Q	7.7	8.5	7.9	8.7	8.0	8.1	7.9	6.9	8.4	8.6	7.6	4Q
	1994 1Q	7.8					8.2			8.4	8.6		1Q 1994

Unemployment Rate

(Percent, quarterly)

		6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	4Q 1991 Actual
Actual	1991 4Q	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	4Q 1991 Actual
Forecast	1992 4Q	7.4	6.8	6.8	7.3	6.9	6.9	6.6	6.5	7.0	7.1	6.9	4Q 1992 Forecast
	1993 4Q	6.8	6.3	6.2	7.3	6.5	6.8	6.4	5.8	6.4	6.4	5.9	4Q 1993
	1994 1Q	6.6					6.8			6.2	6.3		1Q 1994



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